



**Systems Assessment and
Facilities Siting Division**

FILE: Rio Linda/Elverta Project

PROJECT TITLE:

<input checked="" type="checkbox"/> Telephone	561-691-7099	<input type="checkbox"/> Meeting Location: Phone Call			
NAME:	Darcie Houck and Lance Shaw	DATE:	4 June, 2002	TIME:	08:15
WITH:	Derrel Grant, VP FPLE Energy Sacramento Power, LLC, and Scott Busa, Proj Mgr.				
SUBJECT:	Project Status, selling air credits to Sacramento Municipal Utility Dist. (SMUD)				

COMMENTS:

On Monday, 3 June '02, Caryn Holmes, Darcie Houck, (both staff counsels), and I placed a call to Scott Busa. Scott informed me on 9 May, '02, that Tim Rossknecht, former Rio Linda/Elverta project manager, was no longer with FPL and that he is now the project manager for the Rio Linda/Elverta Project.

At day's end yesterday, I had not heard from Scott, however, a reporter from the Sacramento Bee called to ask what the selling of credits to SMUD by FPL meant.

On SMUD's website I saw that agenda item #10 for the 6 June SMUD Board Meeting is, "Approve the acquisition of approximately 3.15 tons per year of ROC [reactive organic compounds] emission reduction credits [ERC], 23.63 tons/year of NOx [oxides of nitrogen] ERCs, and 31.84 tons/year of PM 10 [particulate matter less than 10 microns in diameter] ERCs from FPL Energy Sacramento Power LLC."

Since I did not hear from Scott Busa yesterday, Darcie and I called his manager, Derrel Grant, today (4 June) to ask about the project. Derrel said that Scott was in Florida and that he had walked into his office. The conversation continued, now with both of us on speakerphones. (The call to Scott yesterday was to his Livermore, CA office.)

I told Scott about the message I left on his answering machine yesterday. I mentioned that the challenge is the Energy Commission's, however, it involves the Rio Linda project. Consultants working on the project have "hold backs" on payments from their contractor. Since they are still assigned to this suspended project, our consultants may encounter conflicts of interest, which may not allow them to take on certain other work assignments. We at the Energy Commission experience some of the same kinds of challenges with staff assigned to the project, which may or may not restart.

CEC has a large number of consultants working on this project, who do not have work to do on the project. Staff recommended to the Committee in September '01 that the project, which was undergoing significant design changes, be suspended. The Committee suspended the project in September '01.

I said to Derrel and to Scott that in the message I left yesterday morning, I was calling to remind FPL of a conversation Matthew Layton, air quality staff and I had with Tim Rossknecht



and one of FPL's attorneys Whit Manly about a letter from the Sacramento Metropolitan Air Quality Management Dist. (District) regarding air credits. (The essence of this conversation is in staff's status report #10 filed 26 March '02, and is on the project's website.) In that status report, staff stated that the applicant is currently short ERCs in some quarters.

How is the selling of credits helping in the certification process? The applicant responded that since the project did not have enough stationary source credits that it decided to sell some of them and rely more heavily on agricultural (ag) credits from the conversion of ag pumps to cleaner burning fuels and on ag burn credits.

Darcie reminded the applicant that we were nearly 1 year into the suspension process. She then asked if the applicant thought the project would be restarted by September. Scott informed us that FPL did not plan to move forward with the project until it heard back from U.S. Environmental Protection Agency (EPA) concerning credits for ag burning. He then requested that staff contact EPA to see if the ag conversion ruling could be expedited.

Darcie informed the applicant that if the information needed to bring the project out of suspension were not filed in the next couple of months, staff would be looking to file a request that the Committee terminate the proceedings.

	Signed: 4 June, 2002
	Name: Lance Shaw